FINANCIAL NEWS

Evans posts first qtr. loss despite 13% sales gain

MIAMI—Evans Products retail group showed an operating loss of $3,954,000 despite a nearly 13% increase in sales to $175.1 million during the first quarter, officials said.

The company blamed the loss, compared to $1,532,000 in operating profit in the year-ago period, on normal seasonal conditions, an unfavorable inventory adjustment and preopening costs associated with the various conversions to and openings of warehouse-style stores.

Overall, Evans Products had a net loss in the quarter of $26.7 million after a first-quarter 1983 loss of $15.3 million. Company revenues rose 22.4% to $296.3 million.

Evans officials also explained that while they have reduced the company's total debt, interest expense was about the same as the year-ago quarter because of higher applicable interest rates.

Color Tile records 24% net sales gain during third quarter

FORT WORTH—Color Tile recorded a nearly 10% gain in its net profit and a 24% increase in net sales during its third quarter ended March 31 from a year ago, company officials said.

Net income rose to $3.9 million on sales of $79.1 million. Sales for the first nine months of the fiscal year were up 17.6% to $210.6 million, according to officials, who pointed out that the gain was in part attributable to a 15% increase in sales at stores opened one year or more.

The chain was operating 615 stores at the close of the quarter compared to 585 at the end of the same period last year.

Officials also noted that investment of cash funds produced income of just more than $1 million in the quarter compared to $763,000 in the prior year.

The company's gross profit as a per cent of sales in the third period fell to 52.5% from 57.4% last year because of increases in promotions and commercial sales, and the ratio of selling, general and administrative expense to sales dropped to 40.1% from 44% last year thanks to cost containment efforts, officials said. Net interest expense fell 23.5% in the quarter to $893,000 from a year ago.

In the 12 months ended March 31, Color Tile's cash and short-term investments declined more than $11 million to $19.9 million as the company repurchased 1,454,000 of its common shares for $23.5 million and in March repaid a $10 million note that was due in June.

Erb Lumber revenues rise 20% in 1st qtr. but suffers net loss

BIRMINGHAM, Mich.—Increases in sales to both builders and consumers helped Erb Lumber post a 20% increase in revenues to $27.1 million during the first quarter, officials reported.

Lumber and building material sales to builders in southeast Michigan rose 21% from the year-ago period while retail volume grew 10%, officials said.

The company, however, suffered a $379,000 net loss in the period compared to a $218,000 net loss in the first quarter of 1983 in part because of a $909,000 pretax loss at its Florida partnership joint venture, Erb Building Systems. The loss included a reduction in estimated post-tax profits of $176,000 on certain contracts because of increases in estimated costs of work, officials said.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Erb Lumber	3/31-1st qtr.	27,059	22,507	20	– 379	– 218	—
Evans Products**	3/31-1st qtr.	175,133	155,304	13	– 3,954	1,532	—
The Home Depot	4/29-1st qtr.	95,872	42,993	123	3,437	1,367	151
Lowe's	5/4-5 wks. 4/30-1st qtr.	174,100 380,300	141,700 299,500	23 27	— 12,700	— 8,700	— 46
Pay 'n Save	4/28-1st qtr.	302,981	255,945	18	1,017	2,823	– 64
Rickel Home Centers	4/28-1st qtr.	68,100	53,833	27	—	—	—

*$ in thousands
**includes sales and operating income from the retail group only

Source: Company reports

STOCK PRICES

		As of 5/29	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		33¾	45⅝	33½	13
Edison Bros. Stores (NYSE) [Handyman, Homer's]		34	46¾	34½	7
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		5⅜	19½	4⅞	—
Forest City (AMEX)	A	15⅜	20⅛	12	30
	B	15¼	20½	13	29
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		37¼	50⅜	36½	11
Home Depot (NYSE)		19½	31¾	14	40
Lowe's (NYSE)		18	32¾	17⅝	12
Michigan General (AMEX) [Diamond Lumber]		5⅛	14	4⅝	27
Pay 'N Pak (NYSE)		14½	24	12¾	13
Payless Cashways (NYSE) [Furrow]		16⅝	34½	15	13
Scotty's (NYSE)		13⅜	19	13⅛	10
Southwest Forest Industries (NYSE) [Knox Lumber]		16⅛	22½	12¼	—
Standard Brands Paint (NYSE)		18	28¾	17⅛	10

Nasdaq—over-the-counter stocks

		As of 5/29	52-week High	52-week Low	P/E Ratio
Color Tile		14⅛	25⅛	13⅝	—
Hechinger	A	14	24¼	13½	—
	B	15½	25	14	—
Pay 'n Save		15	29¼	14⅜	—

Over-the-counter stocks

	As of 5/29 Bid	As of 5/29 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18½	21½	25¼	16
Hines Lumber	32½	33	41½	25
Home Centers of America [units]	20	—	51½	14½
Homecrafters Warehouse	14	14½	17½	12½
National Lumber	6¼	6¾	13¼	5¾
Scotts Seaboard [Scott's]	2¾	3¼	5	2
Wolohan Lumber	4⅛	4¼	9¾	4⅛

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LUMBER REPORT

Mill production depresses prices despite 2M mark housing surge

(Continued from page 4)

cerns.

Regardless, election years do not typically produce strong lumber prices. As noted by Phil Rogers, Payless Cashways senior merchandise manager for commodities: "In the past four election years, if you chart them, you have pretty level markets."

Most observers feel that the only thing that will turn the market around now is a decrease in mill production. But the mills are making up for ground lost during the recession shutdowns of 18 months ago.

Through April, Western lumber product was up almost 12% over last year to 5.9 billion board feet, according to the Western Wood Products Assn., while inventories rose almost 15% to an average of about 2.5 billion board feet per month. And that is just inventory at the mill. There is a considerable amount of lumber in transit and stored at reload centers, but an accurate account is not available.

The economics of the mills fuel their production momentum. There are bills to pay whether or not a mill is operating, so cash flow needs can motivate a company to produce lumber, even at break-even prices.

Productivity has improved because of harsh lessons learned during the last recession, so some observers claim that the break-even level is sometimes lower now, although others argue that rising log costs wiped out productivity gains.

Furthermore, the booming pulp and paper industry is an eager market for the residual wood chips that result from the milling of logs into boards, although, as NAWLA president King noted, "The tail is not wagging the dog at the moment."

At some point the pressure to support prices by reducing supply will outweigh the above reasons for keeping production at full bore. Some mill slowdown occurred last month, but not enough to create more than a bounce in prices, which could also have resulted from release of April's strong housing start numbers.

The Fourth of July would be a logical time for mills to seriously reduce production by extending the holiday, according to Steve Adams, Western Wood Products Assn. manager of economic services.

Even with some curtailment dealers still plan to buy cautiously however. Abundant supply and faster rail and truck deliveries—the result of deregulation—make it possible for dealers to cover their immediate needs only, since the risk of not stocking long-term inventory is reduced.

"There's too much wood in the system," said a lumber buyer for a $100 million Midwest chain. "We expect to be conservative and see no point in taking a position for the balance of the year."

FUTURES

Two weeks ended May 24, 1984

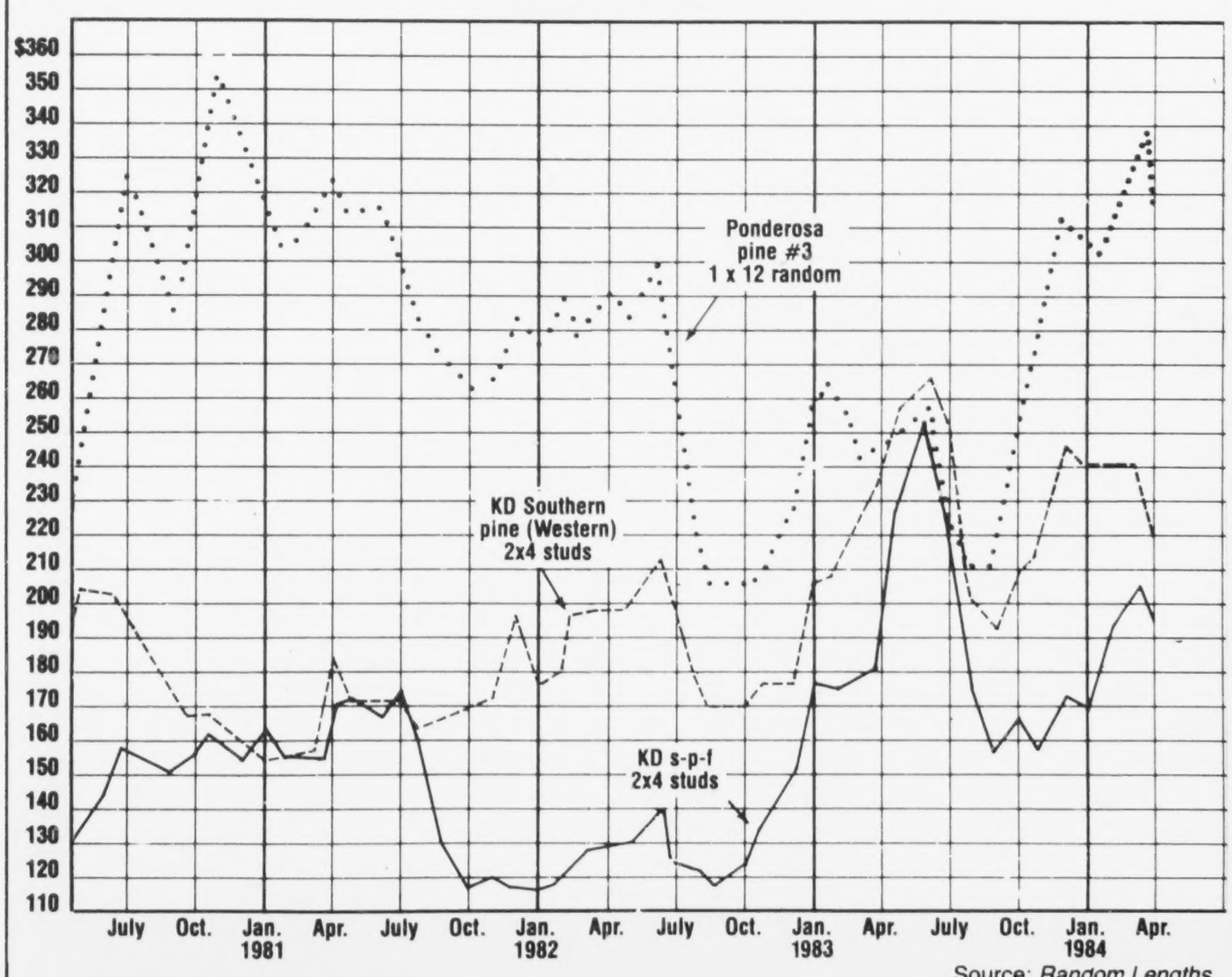
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '84	159.00	140.70	144.30	130.80	3,684	252.50	125.10
Sept.	169.80	149.50	153.10	165.90	1,511	236.00	148.90
Nov.	171.70	152.00	155.00	167.60	1,401	229.00	149.40
Jan. '85	178.30	159.50	162.30	173.50	336	221.30	157.20
March	183.50	166.00	166.00	178.50	173	220.40	161.00
May	186.50	170.00	170.00	181.50	147	225.00	167.00
Total Contract Vol. (Through 5/24): 31,447					Previous Two Weeks: 32,106		
Total Open Interest (As of 5/24): 7,431					Previous Week: 8,124		
Cash Price: $147.00			Previous Week: $148.96		Year Ago: $235.20		
PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
May '84	189.50	189.00	189.50	189.50	0	208.50	169.00
July	198.00	176.00	179.30	194.00	65	210.00	174.00
Sept.	Nominal		183.30	196.50	3	212.50	177.50
Total Contract Vol. (Through 5/24): 21					Previous Two Weeks: 117		
Total Open Interest (As of 5/24): 68					Previous Week: 68		
Cash Price: $188.16			Previous Week: $183.26		Year Ago: $209.72		

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	284.2	283.0	250.5

CME—Chicago Mercantile Exchange CBT—Chicago Board of Trade
*Figures for Thursday, May 24.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

Lumber prices fell during April, the victim of mill overproduction, ample inventories throughout much of the system and cautious dealer buying.

Ponderosa pine #3 boards dipped to $309 per thousand board feet, while Southern pine studs fell $19 from March to $221 per thousand board feet and Western s-p-f studs sold for $185 per thousand board feet, a drop of $16 from March.

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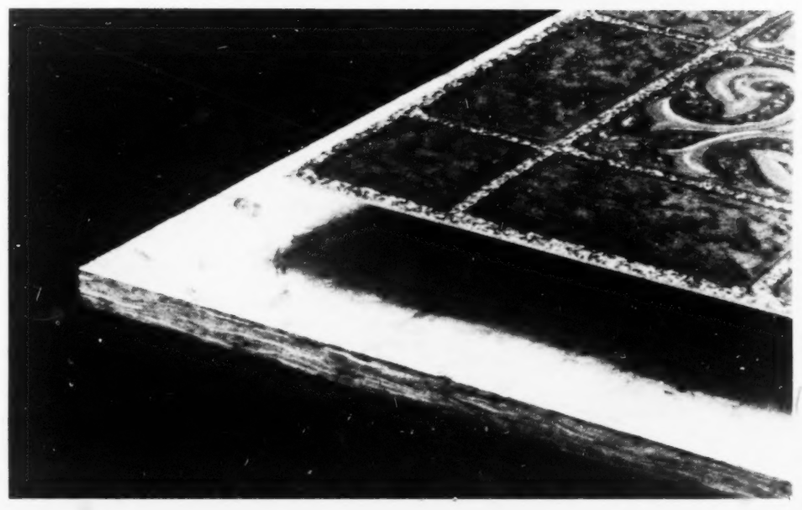

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Vol. 10, No. 14 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. July 2, 1984

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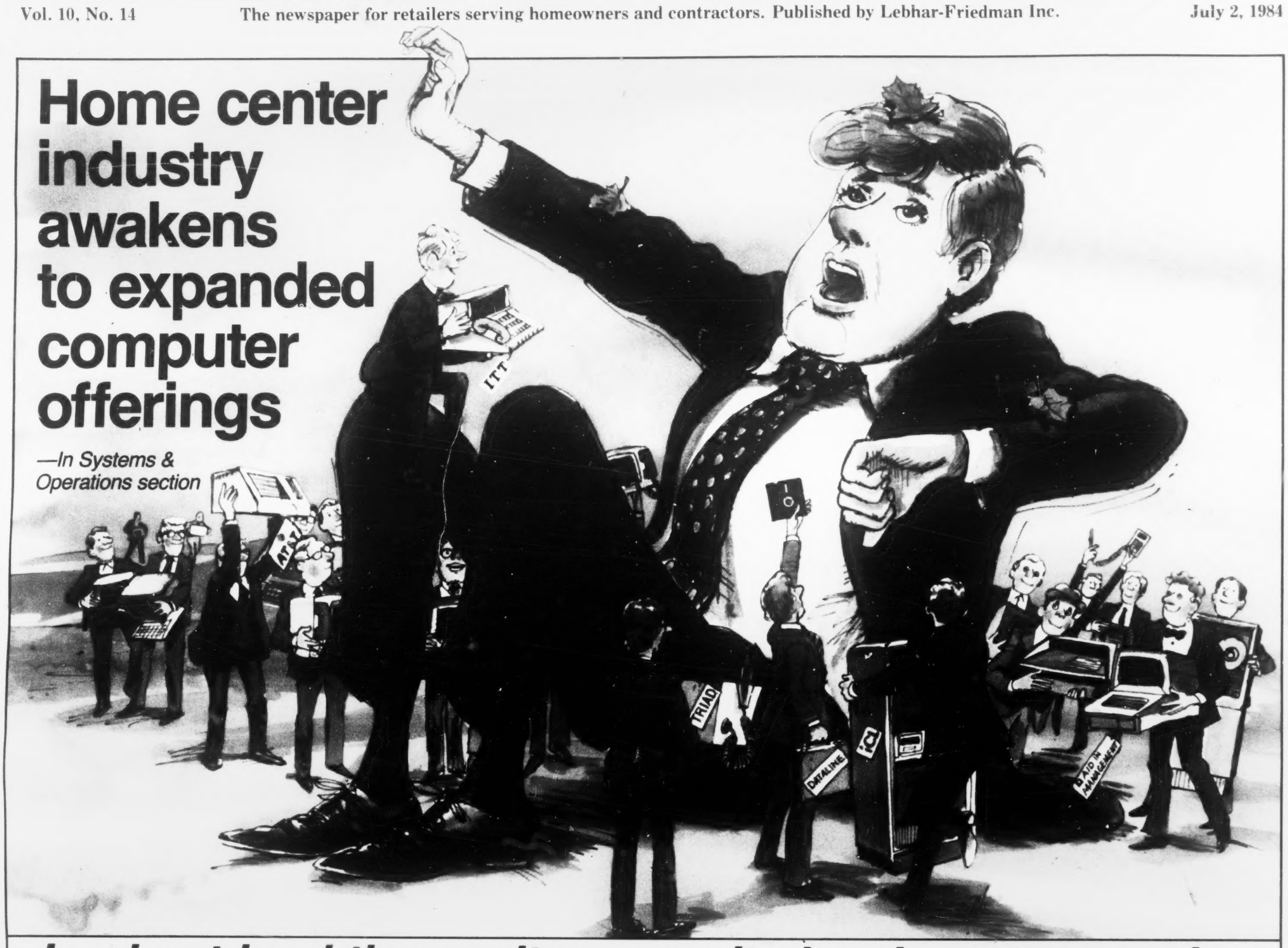
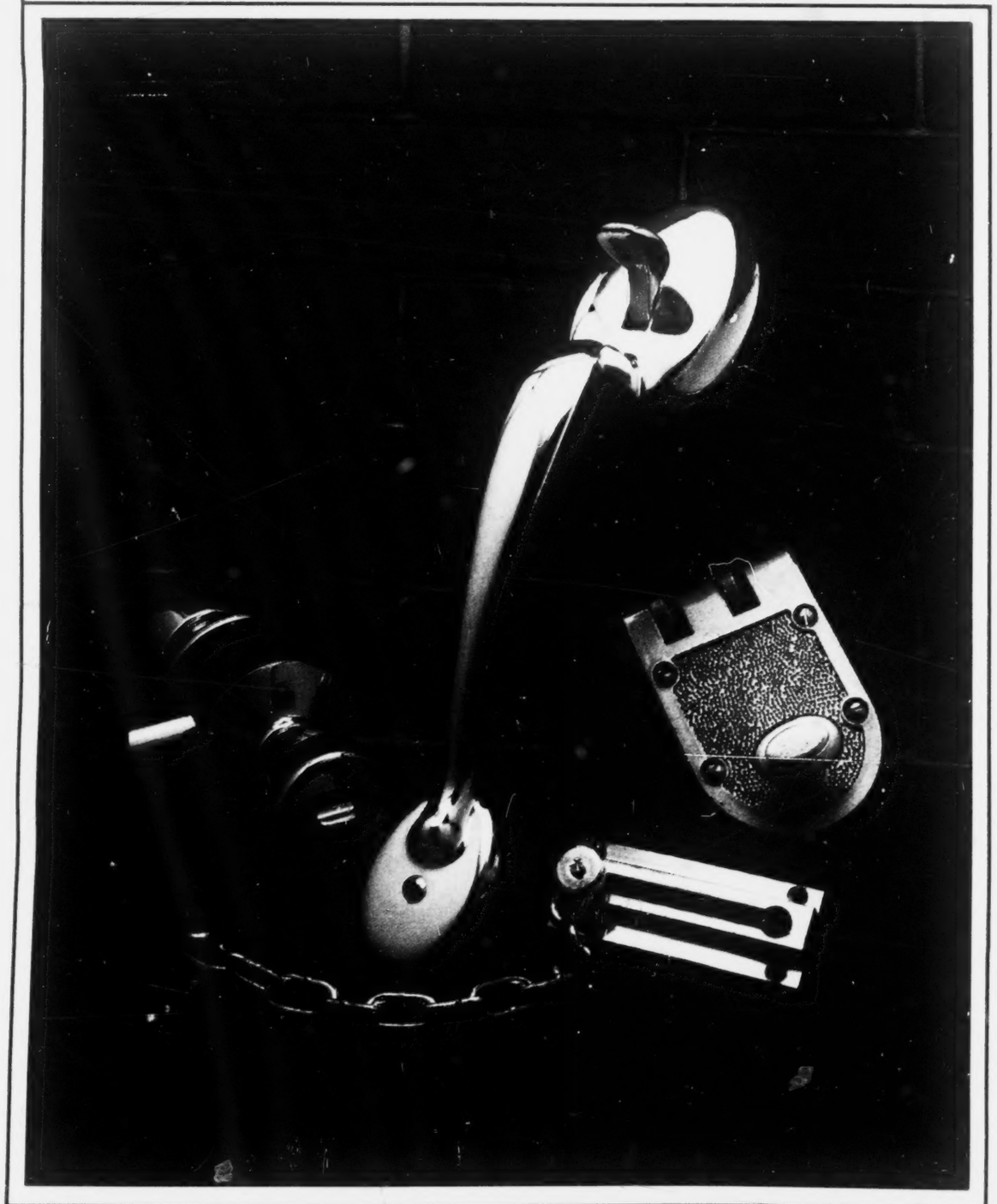
Home center industry awakens to expanded computer offerings

—In Systems & Operations section



Lockset lead times alter security hardware strategies



Demand from housing construction has forced home center buyers to turn to multiple vendors to protect in-stock positions. Also, *NHCN* looks beyond standard security products, such as locksets and deadbolts, toward the next major home security trend: electronic systems. —In Merchandising section

New Orleans: The warehouse impact

A year after becoming the nation's first warehouse home center battlefield with five House Works and two Home Depots, both chains are talking about adding more New Orleans stores. Their clash awakened the competition and spurred total market area sales. —Special Market Update

New players join mortgage financing

Mortgages originated this year could reach a record $300 billion. The increased availability of home financing is expected to provide stimulus for continued housing and home improvement activity as more companies get into the mortgage business. —Page 3

Knox TV ads take comic twist

With the competition shouting price in its TV ads, Knox Lumber took a different approach—humor. The St. Paul, Minn., company teamed up with its ad agency to create a series of ads stressing image over price. —In Advertising & Marketing section

Scotty's installing on-line network

Scotty's expects to see more timely and accurate management information as distant stores are linked with one another and with company headquarters through a new communications system. —In Systems & Operations section

MERCHANDISING FEATURE:
Security hardware-pp. 22-27

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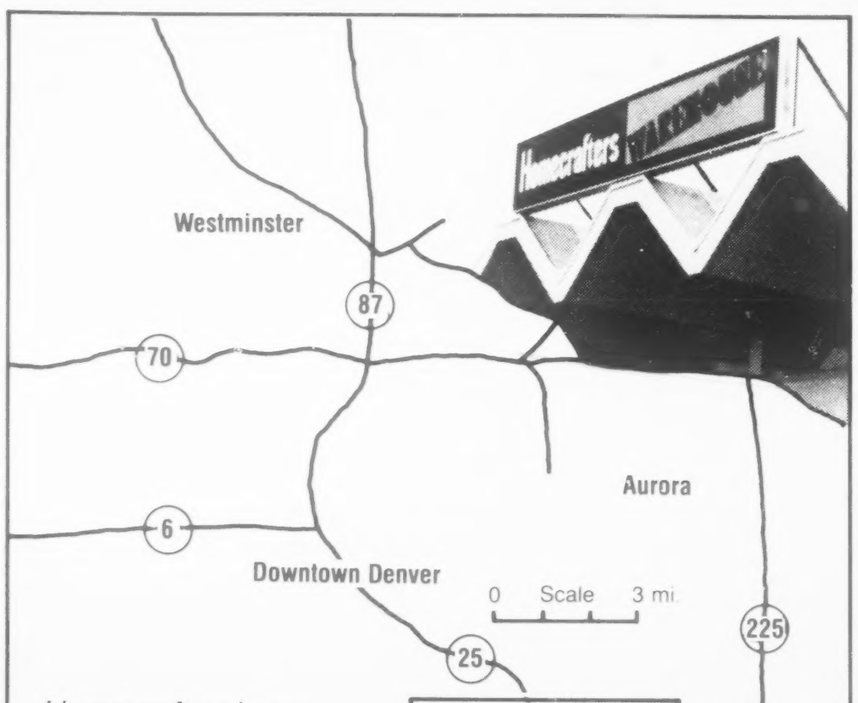
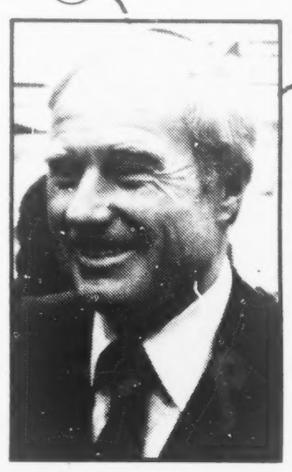




Homecrafters' second Denver area store in Aurora to open this summer, joining a recently opened warehouse unit in Westminster, a northwest suburb. Chairman Georges Hanzi sees Denver as a "four store market" for his chain. NHCN photos; map

Denver, Nashville test for Homecrafters' whse

PELHAM, Ala.—Homecrafters Warehouse will be busy this summer as it opens three more warehouse home centers in two new markets over the next 60 days.

A 75,000-sq.-ft. former Woolco unit in the Dickerson section of Nashville will become the company's fifth warehouse style unit on July 19, in Homecrafters first foray into this market.

A second Nashville store, at One Hundred Oaks shopping mall, is being enlarged to 75,000 sq. ft. and is scheduled to open by the end of this month.

In addition, the company is currently building 18,000 sq. ft. onto a 58,000-sq.-ft. former Woolco in Aurora, Colo., and plans to have that unit completed and ready for business by early August. It will join Homecrafters' other store in the Denver market, a 79,500-sq.-ft. site in the northwest suburb of Westminster that opened on May 17.

The Westminster store's first four sales days, Thursday through Sunday, were in excess of $300,000, which company chairman Georges Hanzi called, "very gratifying."

On the basis of that store's performance in its first few weeks in operation, and with the prospects of continued population growth throughout Colorado, Hanzi said that Denver is being eyed by Homecrafters as "a four-store market."

(Continued on page 44)

Grace buys 35-store Ole's to solidify So. Calif. stance

By Kenneth Schept
NHCN executive editor

PASADENA, Calif.—W. R. Grace has acquired Ole's Home Centers, the 35-unit chain located here.

The deal is the first home center acquisition since 1980 for Grace, whose home centers last year generated sales of $1.02 billion.

Ole's, a private company with sales last year of about $215 million, will join Angels, Orchard Supply and Cashway in Grace's home center Western region.

The deal will solidify Grace's position in the billion-dollar-plus southern California home center market, the hottest in the nation. Ole's has 29 stores there, where Angels operates 15.

Reportedly, at least several Angels units will be converted to Ole's, which recently completed a chainwide remerchandising effort that included raising gondola heights and installing warehouse racking to create a superstore format.

The deal was closed for an undisclosed amount of cash. Harvey Knell, president of Ole's, which was founded by his father Max, is expected to assume a major role in Grace's Western region.

Ole's had reportedly been courted in the past year by at least one other company. Negotiations with Grace were a closely held secret. Employees were notified of the transaction on June 14.

Grace had once before explored the possible purchase of Ole's, during the heyday of the conglomerate's home center acquisition period (*NHCN*, June 6, 1977). Those talks fell through. Earlier this year Ole's failed in its attempt to buy a southern California competitor, Neiman-Reed's Lumber City (*NHCN*, Feb. 13).

Outside of that market, Ole's operates three stores in northern California and three in Las Vegas.

For Grace, the acquisition comes a month after the company announced plans to launch a warehouse home center chain.

Grace entered the home center industry in the mid-1970's with the purchase of Handy City, followed by its acquisition of Daylin and culminating in 1980 with the purchase of Cashways, El Paso.

At one point Grace's home center holdings were made up of eight separate operating units. In 1980, however, Grace's acquisition fervor ended. Since then, the conglomerate has concentrated on consolidating and digesting its home center chains as well as on providing them with capital for growth.

HomeClub's discount warehouse bids for $150M Las Vegas market

By Brad Altman
NHCN West Coast editor

LAS VEGAS—HomeClub, the first discount warehouse home center to establish a foothold in this desert gambling mecca, was expected to ring up $2 million within 30 days of its May 31 grand opening, according to company officials.

The home center got off to a brisk sales pace after its mid-week debut in a 118,000-sq.-ft. converted Woolco at 1720 E. Charleston Blvd., northeast of this city's glittering casinos on the famed Strip.

The arrival of HomeClub here marks the third outlet for the Long Beach, Calif.-headquartered chain, launched last October with its initial two southern California units. Four more units are scheduled to open by the end of this year, all in California.

HomeClub's debut here was accompanied by a three-week multimedia advertising campaign designed to reach the area's 199,500 households.

"This is a major market," said Robert McNulty, president and ceo. "Las Vegas does $150 million a year in home improvement sales—we just need 20% of the market and we will be there [profitable]."

The first-year sales goal here is $22 million, NcNulty said.

This Nevada market is historically "high-priced," he added, noting that such chains as Payless Cashways, Ole's, Pay 'N Pak, Samons and Ernst (operating Von Tobles) are represented.

HomeClub is aggressively

(Continued on page 42)

NEWSBREAKS

TRIANGLE IN ALLENTOWN, PA. Triangle Home Centers recently broke ground on its fourth store here, a 60,000-sq.-ft. unit to be opened by Nov. 1 that will fill out the Lehigh Valley market for the chain. This store will also represent the first time the chain doesn't separate its warehouse from its selling floor.

INSIDE:

LOWE'S FIVE-VOLUME, 488-PAGE 1983 annual report is as entertaining as it is informative ..... **Page 6**
HOME CENTERS OF AMERICA FILES $30 million restraint of trade suit against W. R. Grace 7

Price cutting deals lower margins to decks

By Greg Puchalski
NHCN senior editor

NATIONAL REPORT—DIY dealers are continuing to capitalize on a booming deck market with increased sales in the category again this spring and summer, but they are finding that increased competition for those sales has been a major factor in making treated lumber and decks less profitable.

In order to reclaim some of the shrinking margin, many dealers, especially independents, are offering special services to draw deck customers and to escape from some of the price competitiveness.

"The philosophy behind decks initially was to realize improved margins by selling a package rather than selling individual items," related Dave Basner, a lumber buyer at Wolohan Lumber, Saginaw, Mich., "but due to the competition now, this isn't true any more. Your basic flat deck once got 35% to 40% margins, real good for lumber, but now treated lumber is more of a commodity item than it was five years ago."

Margins on treated wood are now more like 25% to 30%, Basner said.

Two-unit Western Home Centers in the Cincinnati area has experienced the same margin tightening. Purchasing director Herman Dornbusch said margins for treated lumber and decks once were about 33%, "exceptional for a construction item," but now the margins are only about 28%.

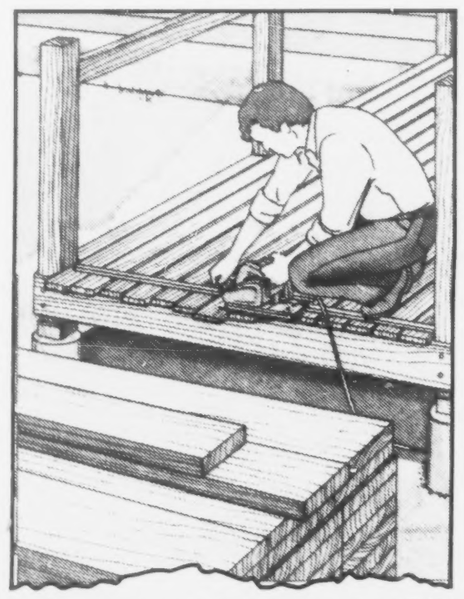
"More people are into treated lumber," explained Busy Beaver lumber buyer Dave Coleman. "Most things in lumber have done that. Landscape timbers were the same way. One guy gets into them, does well and everyone gets into them."

Dan Nikolich, advertising director at Edward Hines Lumber, Chicago, cited treated lumber and decks as one of the competitive areas in his market. "Everybody's slugging away," he noted.

However, as with other dealers, Hines has found a way to escape some of the price competitiveness in decking.

"A couple of years ago, we decided to go with service and a quality product for our decks," Nikolich said. "We use Pon-

(Continued on page 18)



A Grossman's tab promotes DIY treated wood decks with this line-art drawing.

NHCNews Briefs

Industry Update

Channel enters Baltimore market

PARKVILLE, Md. — Channel Home Centers debuted in the Baltimore market with the grand opening June 28 of a 53,000-sq.-ft. store here.

The new store, in a former Cook's discount department store in the Perring Parkway Shopping Center, is Channel's 99th unit and marks the beginning of its thrust into Baltimore where the W. R. Grace-owned chain hopes to have six outlets in operation by year-end, officials said (*NHCN*, Feb. 27).

It would have been Channel's 100th store, however, the chain had earlier been forced to close its Pompton Plains, N.J., unit temporarily after it incurred damage during spring flooding in northern New Jersey.

"The opening of the Baltimore stores represents the natural continuation of Channel's southerly expansion, which began last year with the opening of four stores in the Greater Washington, D.C., Metropolitan Area," officials said in a press release.

The unit here becomes one of the largest in the Channel chain and officials expect their other Baltimore area stores to average 50,000 sq. ft. in newly built and remodeled facilities. They planned the new stores to feature many of the same marketing techniques begun in Washington, including a sharper pricing strategy, which has been taken chainwide, more bulk merchandising and 70-in. fixtures.

Somerville to expand northward

NEW YORK—Somerville Lumber is currently negotiating to purchase a site in southern New Hampshire on which it will build its fourth store.

The announcement of this expansion was made by Somerville's chairman Melvin Cohen at a June 6 retail security analysts' luncheon here where Payless Cashways president David Stanley spoke. Somerville Lumber is a subsidiary of that Kansas City-based chain.

Cohen also said that Somerville's third unit, a 56,000-sq.-ft. store being constructed in West Bridgewater, Mass., is expected to open in early August. This will be the company's largest store, and will include a 53,000-sq.-ft., double deck warehouse facility attachment. Customers will be able to shop in this area only when accompanied by a salesman.

Anderson Utah retrofit complete

PARK CITY, Utah—Anderson Lumber has completed a $300,000 remodel of its building materials center located in this ski resort community about 30 miles east of Salt Lake City.

Anderson Lumber president Jim Beardall said the remodel project expanded the retail sales floor to 6,000 sq. ft. from 1,700 sq. ft. The expansion is intended to increase consumer sales, which now account for 25% of sales volume.

The newly retrofitted building also contains an additional 2,000-sq.-ft. contractor service center. The building exterior reflects the resort atmosphere. The white stucco building has a shake shingle roof, cedar siding and wooden walkways, Beardall said.

The Ogden, Utah-based chain operates 22 outlets in Utah, Wyoming and Idaho. In recent years it has been concentrating its emphasis on the consumer segment of its business.

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Vol. 10, No. 14 July 2, 1984

Hines 1st new unit in three years to feature warehouse formatting

EAST DUNDEE, Ill.—When Edward Hines Lumber opens its first new retail location in almost three years here late this summer, the unit will feature Hines' first use of warehouse merchandising in nontraditional areas, a race track aisle and no wall between showroom and indoor lumberyard.

Targeted for opening early next month, the 22,000-sq.-ft. store in this Chicago suburb will likely do more than the traditional 50% consumer business for a Hines unit and will also give the company 26 retail facilities in the Chicago market, according to president Edward Hines.

He said the outlet will include some warehouse racking and some conventional fixtures, but that there will be more warehouse racking in the store's traditional areas that did not have it in the past.

The warehouse look may add to the higher merchandising the chain hopes to achieve at the new store. Hines said fixtures will present an "amphitheater" effect and may go as high as 12 ft. to 14 ft. The result should be better displays and use of storage space.

In the past, Hines' displays have risen 5 ft. to 6 ft. above the floor.

At the company's recent annual meeting, Hines told shareholders of the "efficiency in handling products" at the warehouse store. "At East Dundee," he told them, "in-stock merchandise can be easily moved mechanically onto display racks."

The race track will enhance product presentation and sales, according to Hines.

"We feel it's very important to expose the customer to as much product as possible," Hines said in explaining the utilization of the race track. "The arrangement also allows a customer to shop the store and find merchandise by himself."

The elimination of the wall between the showroom and the lumberyard should improve service and customer convenience, according to Hines.

"We hope to draw the customer back into the lumberyard by eliminating the barrier that was there," Hines said. "Customers were often drawn back there by demand anyway, but this will make it more convenient for them."

Hines indicated that similar walls in other units may be eliminated where feasible and that in future new stores there will be no wall either "unless unforeseen problems occur at East Dundee."

Endcaps at the store will feature "rotating signage," according to Hines, to advise DIYers about various projects.

The chain has also recently embarked on an aggressive advertising campaign involving the radio, television and print media, Hines noted, to attract DIYers to Hines' stores.

In late March, the chain kicked off a series of 10- and 30-second television commercials of a price-item nature. The first 20 seconds of the 30-second spots usually show a customer lamenting about a project and noting that he should have gone to Hines, the company president explained.

"We've done TV from time to time in the last 10 years, but this is the biggest campaign thus far," he said. He told shareholders that the TV campaign must be working since sales increased in April despite poor weather.

(Continued on page 43)

Lowe's five volume annual report shows unique leadership attitude

NORTH WILKESBORO, N.C.—At a security analysts' meeting in New York last month, Payless Cashways president David Stanley went up to Bruce Missett, an analyst for Oppenheimer & Co., to ask the question that has become *de rigueur* in the industry:

"Are you mentioned in the book?"

The "book" is the 239-page "Terms Defined" dictionary that makes up one-fifth of Lowe's Co.'s 1983 annual report, which has had retailers, analysts, manufacturers and investors buzzing.

The five-volume, 488-page tome with map is the most informative, funny, provocative and talked-about annual report to be delivered to this or perhaps any other industry. And it is an attempt by Lowe's to establish an even firmer leadership position in the home center industry among investors.

Lowe's 1983 annual report is broken down into five booklets, each 8¼ by 5⅜ in., that not only give detailed financial information about the 240-unit chain, but also provide investors with a more comprehensive glimpse at the home center industry.

Four of the five booklets that comprise this year's report contain what might be called standard annual report information, aimed at specific readers: the "Facts and Figures" book giving statistical and graphic analysis of Lowe's past year's performance, put in the context of its historical growth, competition and the overall United States economy; an "Investor's Review" for financial analysts; "Why Invest," a 17-page essay for the company's current and would-be stockholders, and a "Which Way" pamphlet, penned by Lowe's chairman Robert Strickland, discussing the chain's short- and long-term strategies.

Standing alone, these four books would rival just about any other company's annual report for detail, pertinent information and clarity. Loaded with allusions—the books quote such diverse sources as Adam Smith, Bernie Marcus, Robert

(Continued on page 44)

Electronic retail seminar debates DIY friendliness of video kiosks

NEW YORK—A growing number of vendors have announced plans to provide retailers with in-store kiosks for electronic shopping. However, participants at last month's seminar on electronic shopping, sponsored by Touche Ross at the Waldorf Astoria June 11-12, expressed some disagreement about how involved customers are likely to get with the devices.

"Customers will interact more with the kiosks, if more heart is put into the presentation," offered Robert Roskind, president of Do-It-Yourself Inc., the Charlotte, N.C., firm that is planning to place kiosks in home centers this year.

However, in a reflection of the unsettled state of the industry, Roskind said his company planned to offer kiosks in two forms to home centers. The first would allow customers to interact by pressing buttons on a keyboard to bring up specific video presentations of do-it-yourself (DIY) projects. The second would not allow interaction, but would simply present a running series of such video presentations.

Six months ago, the firm had planned to offer only kiosks that were interactive (*NHCN*, Dec. 12, 1983). The noninteractive model has been added in response to a perception that some home centers are not convinced shoppers are ready to respond directly to in-store terminals.

Other participants in the seminar, however, felt that shoppers not only would be willing to interact with in-store kiosks, but would actually use them to order merchandise.

"People have told us they will order through a terminal," said Charles Page, sales and marketing vp for ByVideo, a vendor that plans to offer its kiosks to retail stores.

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The extent to which consumers will use in-store machines to order merchandise was recently debated at an electronic shopping seminar in New York. Above, a kiosk for presentations of DIY projects at Rickel's new Warminster, Pa., unit. NHCN photo

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Color Tile	5/31-1 mo.	$ 23,160	$ 19,499	19	—	—	—
Hechinger	4/28-1st qtr.	87,859	64,746	36	$ 3,406	$ 2,446	39
Lowe's	6/1-4 wks.	150,800	123,100	23	—	—	—
Scotty's	5/26-4 wks.	35,617	34,443	3	—	—	—
Wickes	4/28-1st qtr.	704,998	640,482	10	-6,073	-7,793	—

*$ in thousands

Source: Company reports

STOCK PRICES

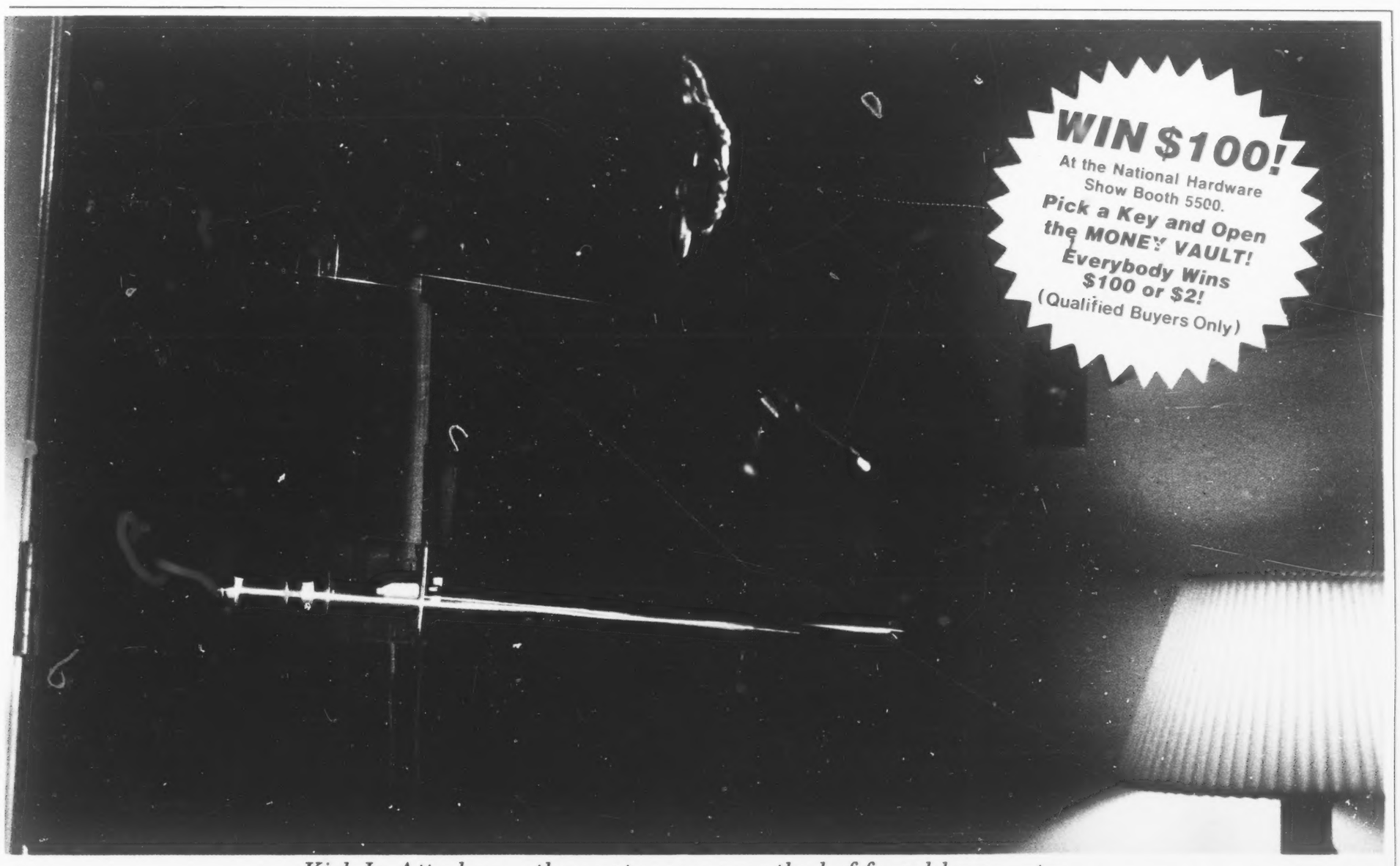
		As of 6/11	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		33¾	45	33½	13
Edison Bros. Stores (NYSE) [Handyman, Homer's]		34½	46¾	33¾	7
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		6	19½	4⅞	—
Forest City (AMEX)	A	15¾	20⅛	12⅜	30
	B	15¼	20½	13	29
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		40¼	50⅜	36½	11
Home Depot (NYSE)		21¼	31¾	14	43
Lowe's (NYSE)		20⅜	32¾	17½	13
Michigan General (AMEX) [Diamond Lumber]		5¾	14	4⅝	30
Pay 'N Pak (NYSE)		15⅜	24	12¾	14
Payless Cashways (NYSE) [Furrow]		16⅜	34½	15	13
Scotty's (NYSE)		14⅜	18⅜	13	11
Southwest Forest Industries (NYSE) [Knox Lumber]		18⅞	22½	12¼	—
Standard Brands Paint (NYSE)		19¼	28¾	17⅛	11

Nasdaq—over-the-counter stocks

		As of 6/11	52-week High	52-week Low	P/E Ratio
Color Tile		14⅛	21¾	13⅝	—
Hechinger	A	17¼	24¼	13½	—
	B	17½	25	14	—
Pay 'n Save		17¼	29¼	14⅜	—

Over-the-counter stocks

	As of 6/11 Bid	As of 6/11 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18½	—	25¼	16
Hines Lumber	32½	33½	41½	25
Home Centers of America [units]	22	—	51½	16
Homecrafters Warehouse	13	13½	17½	12½
National Lumber	6½	7	13¼	5¾
Scotts Seaboard [Scott's]	2¾	3¼	5	2
Wolohan Lumber	4⅜	4⅝	9¾	4⅛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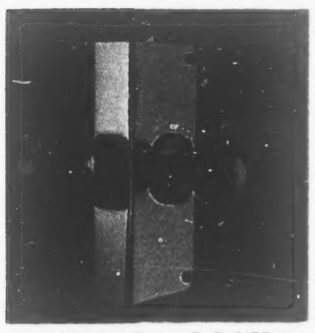

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FINANCIAL NEWS

Slow nursery sales cause Pay 'n Save income drop

SEATTLE—The remerchandising of Ernst Home Centers along with poor spring weather that produced disappointing sales in the chain's nursery departments were major contributing factors to a 64% decline in net income at Pay 'n Save during its first quarter ended April 28, company officials explained.

The company's earnings fell to just above $1 million on an 18% rise in sales to $303 million.

Vice chairman and chief financial officer Cal Hendricks said the 69-store Ernst chain, a division of Pay 'n Save, has experienced a temporary decline in sales as a result of the closeout of its sporting goods departments late last year (*NHCN*, Feb. 13).

However, he said the replacement of sporting goods with merchandise "more consistent with the home center image is a positive strategic step expected to yield favorable results as the reformatting and remerchandising of the home centers is completed."

Hendricks also said that start-up costs for the company's new Price Savers Wholesale Club chain, which opened its first 100,000-sq.-ft. store during the quarter in Salt Lake City, Utah, and Northwestern Drug, a wholesaler acquired in February, had a negative impact on operating results.

Price Savers, a members-only chain offering such home center goods as hardware, tools and seasonal items (*NHCN*, Nov. 7, 1983), debuted its second store in Fife, Wash., late last month.

Lowe's 23% volume gain in May continues strong sales growth

NORTH WILKESBORO, N.C.—Lowe's continued its strong sales growth during May as it posted a 23% gain in volume to $150.8 million in the four weeks ended June 1.

The 239-store chain's retail sales increased 30% to $82.6 million from a year ago although its builder volume rose only 14%, its smallest increase since January 1983, to $68.2 million. Officials blamed the lower growth in professional sales on rainy May weather and a difficult comparison to May 1983 volume when builder sales rose 64% from the prior year to $59.6 million.

Sales at the 233 stores opened for more than a year rose 21% in the period to $148 million.

The favorable May sales report came on the heels of an equally favorable first quarter ended April 30 as Lowe's saw earnings rise 47% to $12.7 million on a 27% increase in sales to $380.3 million compared to the first quarter of 1983.

Officials attributed the earnings gains to a 25% increase in comparable-store sales to $374.3 million, an increase in gross profit from 24.58% in the year-ago quarter of 24.78% in the most recent quarter, and control of expenses which amounted to 18.4% of sales in the first quarter compared to 19% of sales in the previous year's first quarter.

Sales to retail customers in the quarter increased 21% to $185.7 million while sales to professionals increased 33% to $194.6 million, officials said.

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